BUSINESSDAY
NEWS WORTH KNOWING

Friday
13 August 2004

COMPANYZONE
No companies associated with this article.

COMPANIES
CompanyZone shortcuts
Select a Company

e-mail to a friend
print this article

Services

No need to panic' as share of world trade shrinks

Tisa says local manufacturing industry has continued to grow, while reliance on gold and diamonds has halved

Trade and Industry Correspondent

TRADE and Investment SA (Tisa) a government agency responsible for promoting investment and export development says SA's international trade performance is not too bad, despite concerns about its shrinking share of world trade.

SA's unimpressive performance in the world trade stakes was recently highlighted by Trade and Industry Policy Secretariat (Tips) chief economist Dirk van Seventer and former Tips researcher Katherine Gibson in an article showing that SA was losing market share in key international markets globally.

In its review of SA's export performance in the past 13 years, Tisa, the trade and investment arm of the trade and industry department, said, however, that the local manufacturing sector had continued to grow.

Riaan le Roux, Tisa senior manager for sector support services, said the average annual growth of the top 15 manufacturing sub-sectors was 19% in the period between 1990 and last year. The best performing subsectors have been non-ferrous metals and footwear, which have seen an average 38%-26% annual growth respectively.

He said most of the top 15 manufacturing export industries were capital-intensive. Capitalintensive sectors had a higher export intensity ratio compared to labour intensive sectors .

Le Roux said that manufactured exports showed a growing share of "hi -tech" products.

"You have to perform well in the high-technology sectors. That is the future," Le Roux said.

In recent years, SA has seen a decline in exports of minerals and metals. Last year, precious metals constituted 21,1% of the country's total exports, a far cry from the 48,78% of the 1990s.

"Reliance on gold and diamonds has halved and newcomers such as vehicles, wine, furniture have emerged," he said.

SA has also developed export markets in vehicles and related parts, aluminium, electric machinery, beverages and fishing.

Vehicles sales and parts had the third-largest share of South African exports, mainly boosted by the Motor Industry Development Programme (MIDP).

Van Seventer and Gibson said that SA's poor performance in world trade might be due to supply-side failings. They urged government to play "a more active and focused role in addressing these shortcomings.

University of Cape Town academic and former department chief economist David Kaplan raised a similar point last year.

While delivering a paper at the Tips annual forum in September, Kaplan said SA's manufacturing performance had been weak. He said the supply-side support measures and specific measures for the auto and auto-components sectors had limited success.

Le Roux, however, believes that government's various incentives to encourage export have been successful.

According to the Tisa report, total exports had gone up 47%, boosted by a range of incentive policies, such as the Duty Credit Certificate Scheme, the MDIP, Customised Sector Programmes and the Integrated Manufacturing Strategy.

He said exports as a percentage of gross domestic product had averaged 25% in the past 10 years. "That is not bad," he said.

He was also unperturbed by the fact that SA's contribution to world trade was still less than 1%.

"That is an indication that we have not tapped on all our potential markets," he said.

Tisa said that the composition of South African exports by region had remained the same. Europe was still a major destination for the country's exports, followed by Asia, and several countries in southern Africa .

May 04 2004 12:00:00:000AM Siseko Njobeni Business Day 1st Edition

Power Search Making web navigation a breeze

- Accommodation
- Art & Culture
- Business Services
- Communication
- Eating Out
- Education
- Entertainment
- Finance & Insurance
- Government
- Health & Social
- Industry
- Information Technology
- Media
- Membership Organizations
- Real Estate
- Repair & Rental
- Retail & Wholesale
- Services & Utilities
- Sport & Recreation
- Tourism
- Transport

Back to the top